

# SENATE BILL REPORT

## SB 6537

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As of February 12, 2008

**Title:** An act relating to imposing an admissions surcharge to fund extracurricular activities for middle and high schools.

**Brief Description:** Imposing an admissions surcharge to fund extracurricular activities for middle and high schools.

**Sponsors:** Senator McAuliffe.

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 1/31/08.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Staff:** Kimberly Cushing (786-7421)

**Background:** An "associated student body" (ASB) is a formal organization of students formed with the approval of and regulation by the school district. ASBs, among other things, provide optional non-credit extracurricular activities of a cultural, social, recreational, or athletic nature. ASB activities generally are funded by fees or student fundraisers.

In 2007, the Washington Legislature passed legislation that requires only healthy food and beverages to be available on school campuses during school hours or for school-sponsored activities by 2010. As a result of this legislation, there are concerns that funding will be lost to support extracurricular activities.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** The stated intent of the Legislature is to provide a replacement funding source for the funds that will be lost to support extracurricular activities. An admission surcharge of 1 percent must be imposed on every admission charge to a live sporting or live entertainment event. The surcharge must be imposed on the actual admission amount charged, exclusive of other taxes or fees, and reduced admission charges must be subject to the surcharge on the reduced charge. Admissions to the following are exempt from the surcharge: any activity of an elementary or secondary school, any community athletics program, any community arts program, and when the charge is less than one dollar.

Money collected from the surcharge must be deposited in the middle and high school activities funding account, which is created in the custody of the State Treasurer. Expenditures from the account may only be used to fund extracurricular activities of public

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elementary and secondary schools, including internal or interschool activities and regional competitions. The Superintendent of Public Instruction (SPI) must allocate funds in the account by September 10 of each year. The funds must be allocated on a proportionate basis to each district within the state, and each district with the advice of the school's ASB must distribute the funds as needed to each activity; however, athletic activities may receive no more than 25 percent of the funds allocated to each district. The SPI and districts may not deduct any amount for administration or other costs.

For any admission subject to the surcharge, a ticket or receipt must be provided with the price of the admission, the surcharge, any other taxes imposed, and the total charge for the ticket. The surcharge must be paid by the buyer of the admissions to the person receiving payment for the admission, and the surcharge must be held in trust until it is remitted to the Department of Revenue. Any person receiving payment for the admission is personally liable for the surcharge amount.

Several terms are defined. "Admission charge" includes a charge made for season tickets or subscriptions, a cover charge or a charge made for use of seats or tables, and a charge for admission to any live entertainment or sporting event that is included within the price paid for meals. A "community arts program" means a musical, dance, art, or theater program that is organized for the purposes of training or engaging students in these activities and that is run by a city, town, county, district, nonprofit youth organization, public school district, or program organized as a recital. A community arts program does not have professional performers or artists. A "community athletics program" means any athletic program that is organized for the purposes of training for and engaging in athletic activity and competition that is run by a city, town, county, district, nonprofit youth organization, or public school district.

A referendum clause is included in the bill.

**Appropriation:** None.

**Fiscal Note:** Requested on January 23, 2008.

[OFM requested ten-year cost projection pursuant to I-960.]

**Committee/Commission/Task Force Created:** No.

**Effective Date:** This bill takes effect January 1, 2009, following an affirmative vote of the people at the November 2008 General Election.

**Staff Summary of Public Testimony:** PRO: ASBs are facing declining revenue, and vital programs are being cut, including drama and intramural sports programs. However, all activities need to stay available for kids. Extracurricular activities give students a reason to go to school. Coaches make differences in kids' lives every single day and sports lead to college opportunities. DECCA offers financial literacy, but competitions are very expensive, and without funding low-income students are deterred. Students' talents are wasted if they cannot participate in performance events. Music is a universal language that bridges barriers. Children are what they are exposed to. We need to give them a creative outlet. The Arts cannot just be available to the wealthy as it was centuries ago. These activities allow students to be well rounded, develop a core group of friends, and are motivation for maintaining a good GPA. Money will be lost when the vending selections go away. But being healthy is about more than

just eating well; it's about having a healthy mind and being happy with your school. A 1 percent surcharge is not very much, but it is important for the people to vote on this issue.

CON: Sports and arts organizations currently fund youth programs and work with students personally and professionally. However, with tough economic times, the charge will affect admissions and make it hard to break even. There is an existing state tax that already applies to tickets in addition to local taxes. Increasing tax by 1 percent will represent a competitive disadvantage for attracting events to the state; instead, an event promoter may go to Portland or Vancouver. The entertainment business is inherently cyclical, and therefore, revenue stream is unpredictable. National funding is decreasing for the arts, and it is becoming very difficult to run small arts organizations. The surcharge will prevent these organizations from supporting free events.

**Persons Testifying:** PRO: Senator McAuliffe, prime sponsor; Tucker D. Cholvin Naomi Meyer, Legislative Youth Council; Kim Stewart, State Washington Association of Student Councils, WACA Board, ASBs of Washington; Cameron Hollingshead, Jacob Tupper, Sarah Suryan, Holly Irons, Kelsey McClain, Christina Ramirez, Cari Smith, Josh Gunderson, Mountlake Terrace High School; Bernadette Bascom, self; Clinton Miracle, Lisa Jensen, Washington DECA; Jenna Gram, Tumwater High School.

CON: Robin Appleford, Vulcan Inc/EMP; Martha Fuller, Washington State Sports & Entertainment Operators; Matthew Kwatinetz, Capitol Hill Arts Center, Capitol Hill Chamber of Commerce.